

# Exempt Organization Annual Information Return

Obtain additional information or assistance, tax forms and instructions, and copies of tax rulings and tax procedures by contacting one of the numbers listed below:

|                                |                |
|--------------------------------|----------------|
| Phoenix                        | (602)          |
| 255-3381                       |                |
| Nationwide, toll-free          | (800) 352-4090 |
| Form Orders                    | (602) 542-4260 |
| Forms by Fax                   | (602) 542-3756 |
| Recorded Tax Information       |                |
| Phoenix                        | (602) 542-1991 |
| Other Arizona areas, toll-free | (800) 845-8192 |
| Hearing impaired TDD user      |                |
| Phoenix                        | (602) 542-4021 |
| Other Arizona areas, toll-free | (800) 397-0256 |

Obtain tax rulings, tax procedures, tax forms and instructions, and other tax information by accessing the department's Internet home page at:

[www.revenue.state.az.us](http://www.revenue.state.az.us)

## General Instructions

### Organizations Which Must File Arizona Form 99 or a Copy of the Federal Return of Organization Exempt From Income Tax

Certain organizations can apply to the Department of Revenue for an exemption from Arizona corporate income taxes. Most organizations that have tax exempt status under ARS § 43-1201 must file Arizona Form 99 or a copy of the organization's federal return of organization exempt from income tax only if their gross income exceeds \$25,000.

However, the following exempt organizations do not have to file Arizona Form 99 or a copy of the organization's federal return of organization exempt from income tax regardless of the amount of gross income.

- A religious organization exempt under ARS § 43-1201, paragraph 4.
- An educational organization exempt under ARS § 43-1201, paragraph 4. The organization must normally maintain a regular faculty and students in attendance at the place where its educational activities are regularly conducted.
- A charitable organization or an organization for the prevention of cruelty to children or animals, exempt under ARS § 43-1201, paragraph 4. The organization must receive its support, in whole or in part, from funds contributed by the United States, or any state or political subdivision thereof, or receive its primary support from contributions of the general public.
- An organization exempt under ARS § 43-1201, paragraph 4, if the operation, supervision, or control of the organization is by, or in connection with, a religious

organization exempt under ARS § 43-1201, paragraph 4.

- An organization exempt solely under ARS § 43-1201, paragraph 2.

### Application for Exempt Status Under ARS § 43-1201

Section 43-1201 of the Arizona Revised Statutes states that organizations that are exempt from federal income tax under section 501 of the Internal Revenue Code are exempt from the tax imposed under Title 43 of the Arizona Revised Statutes.

The tax exempt status provided by ARS § 43-1201 applies only to corporate income taxes. The organization may still be subject to other taxes, such as withholding or transaction privilege taxes. Refer to Arizona Transaction Privilege Tax Procedure TPP 93-4 for information regarding applications for exemption from the Arizona transaction privilege tax.

An organization may request a letter of exemption from Arizona state income taxes by applying to the Corporate Audit Section of the Arizona Department of Revenue. The request can be in the form of a letter or a completed Arizona Form EX-4. Obtain Form EX-4 by calling the Tax Exempt Coordinator of the Corporate Audit Section at (602) 542-3345 during regular business hours.

The request for exemption from corporate income taxes must contain the following information:

- The name and address of the organization that is requesting exemption.
- The type of organization that is requesting exemption. For example, is the organization charitable, civic league, teachers' or public employees' retirement fund, etc.
- A copy of the articles of incorporation or other instrument under which the organization operates, including any amendments. The document must set forth the tax exempt purpose and activity of the organization.
- A copy of the by-laws of the organization that is requesting exemption, including any amendments.
- A copy of the letter of determination issued by the Internal Revenue Service stating the status of the organization for federal income tax purposes. A member of a national tax exempt organization must furnish copies of its affiliation to the national organization and the national organization's letter of determination.

If the Internal Revenue Service does not require the organization to apply for a letter of determination, the organization must provide adequate documentation to the department upon request.

- Signature, title, and phone number of a qualified officer of the organization that is requesting exemption.

The requested information should be mailed to:

Tax Exempt Coordinator  
Corporate Audit Section  
Arizona Department of Revenue  
1600 W Monroe  
Phoenix AZ 85007-2650

**NOTE:** *Homeowners Associations described in IRC § 528 are not exempt from tax under ARS § 43-1201. These organizations must file Arizona Form 120. However, certain Homeowners Associations are federally tax exempt under IRC § 501 (c)(4), as social welfare organizations, or under IRC § 501(c)(7), as clubs organized for pleasure or recreation. These Homeowners Associations are similarly tax exempt for Arizona income tax purposes. These organizations may file the Arizona Form 99.*

### Filing Original Returns

The due date for the Arizona Form 99 or the copy of the federal return of organization exempt from income tax is the 15th day of the fifth calendar month after the close of the taxable year. If the organization has a valid federal or Arizona extension, file the return by the extended due date. Attach a copy of the federal or Arizona extension to the front of the Arizona return or the copy of the federal return of organization exempt from income tax.

Send the return to the Arizona Department of Revenue, PO Box 29079, Phoenix AZ 85038-9079. If the organization files the Arizona Form 99, attach a copy of the appropriate federal return.

The department normally determines the timeliness of a return by the postmark or other official mark of the U.S. Postal Service stamped on the envelope in which the return is mailed. Refer to Arizona General Tax Ruling GTR 93-1 for further information.

### Extension of Time To File a Return

The organization can apply for an Arizona extension by filing a completed Arizona Form 120EXT by the original due date of the return. The organization can also use a valid federal extension rather than applying for an Arizona extension. Attach a copy of the federal or Arizona extension to the front of the Arizona return or the copy of the federal return of organization exempt from income tax.

The department grants an Arizona extension for a period of six months. Arizona will accept the federal extension for the same period of time as covered by the federal extension.

### Penalty

An information return that is incomplete or filed after its due date (including extensions) is subject to a \$500 penalty.

### Filing Amended Returns

File amended returns within four years of the filing of the original return.

- *Organization that filed a copy of its federal return of organization exempt from income tax - file a copy of the amended federal return of organizations exempt from income tax.*
- *Organization that filed Arizona Form 99 - attach a statement to the amended return that explains why the organization amended its Arizona return. If the organization amended its federal return, attach a copy of the amended federal return with all applicable schedules to the amended Arizona return.*

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## Line-by-Line Instructions

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Type or print the required information in the name, address, and information boxes at the top of page 1. Fiscal year basis taxpayers must indicate the period covered by the taxable year. All taxpayers must indicate whether the taxable year is a calendar year or a fiscal year. Indicate whether this return is an original or an amended return.

Enter the federal employer identification number of the organization, which is its taxpayer identification number (TIN). Enter the Arizona withholding tax number and Arizona transaction privilege tax number for the organization.

All returns, statements, and other documents filed with the department require a taxpayer identification number (TIN). Taxpayers that fail to include their TIN may be subject to a penalty. Paid tax return preparers must include their TIN where requested. The TIN for a paid tax return preparer is either the individual's social security number or the federal employer identification number of the business. Paid tax return preparers that fail to include their TIN may be subject to a penalty.

### Lines 1 through 12 -

Include in this section all sources of income received during the year.

### Lines 13 through 20 -

Include in this section all administrative expenses.

### Lines 21 through 26 -

Include in this section all disbursements made from current income for the organization's exempt purpose.

### Lines 27 through 32 -

Include in this section all disbursements which represent reductions in principal for the organization's exempt purpose.

### Line 33 -

Enter all other disbursements made by the organization not itemized on another line.

**Lines 34 through 36 -**

Enter the applicable amounts to report the accumulation of income for the organization.

**Line 37 -**

This form is an information return. An information return that is incomplete or filed after its due date (including extensions) is subject to a \$500 penalty.

If the organization files this return after its due date (including extensions), enter \$500 on this line. Attach a check for this amount to the return. Make the check payable to the Arizona Department of Revenue and include the taxpayer's TIN on the check.

**Schedule A: Balance Sheet**

Complete both column (a), for beginning of year amounts, and column (b), for ending of year amounts.

**NOTE:** *The amounts entered on any attached schedules and on lines A2a, A2b, A3a, A3b, A7a, and A7b should be end of year amounts.*

**Line A2 -**

On line A2(a) in the description column, enter accounts receivable. Subtract the amount on line A2(b) in the description column from the amount on line A2(a). Enter the result on line A2(c) in column (b).

**Line A3 -**

On line A3(a) in the description column, enter other notes and loans receivable. Subtract the amount on line A3(b) in the description column from the amount on line A3(a). Enter the result on line A3(c) in column (b).

**Line A7 -**

On line A7(a) in the description column, enter land, buildings, and equipment; basis. Subtract the amount on line A7(b) in the description column from the amount on line A7(a). Enter the result on line A7(c) in column (b).